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ABSTRACT

It is difficult to assess the exact number of college student entrepreneurs, but various statistics show that entrepreneurship, is alive and well on college campuses. In some cases, college work is only an afterthought for collegiate entrepreneurs. One large motivator is the desire to make money. Many college student entrepreneurs do not expect to continue their businesses, and others may not expect to turn a profit, having started a business to help others or to simplify something that was complicated. A major benefit of college student entrepreneurship is gaining real world experience. Finding the time to work on their ventures is a challenge to most college student entrepreneurs, and some are tempted to drop out of college. Evidence indicates, however, that finishing school is the best option for students looking for a future in business. (SLD)

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College Student Entrepreneurs: Motivations and Challenges

By Nicole Seymour

While it's difficult to assess the exact number of college student entrepreneurs, various statistics show that entrepreneurship is alive and well on college campuses across the nation. Last year, the Collegiate Entrepreneurs Organization announced that, in just two years, its membership had grown to 2,000 members at approximately 100 schools (Rosenberg, 2000a). The North American Collegiate Entrepreneur Awards operates as 15 regions throughout Canada, Mexico, and the U.S. (Rosenberg, 2000a). And with additional resources and support at the collegiate level -- from incubators to clubs to entrepreneurship majors -- entrepreneurs are starting businesses earlier and earlier, sometimes even making their college work an afterthought to their thriving enterprises.

Why Entrepreneurship?

To put it simply, one large motivator for students to get involved in entrepreneurship is their desire to make money -- something that college students, being one of the largest consumer groups in the nation, are notoriously either lacking or pursuing. According to one student interviewed by Southern University's student newspaper, "the extreme need for money motivated me to start my own business" (Hamilton, 2001, ¶ 9). While not all enterprises started with the intent to make money can stand the test of time -- especially high-risk startups that garner large initial offerings but lack a solid foundation -- many students actually intend for their businesses to generate fast cash for just a short stint. Spelman College students Suzanne Duncan and Kelly Wilson, profiled in Black Enterprise magazine, made $40 in 20 minutes during their first foray into business, which involved selling Xeroxed greeting cards door-to-door. When interviewed,

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Wilson said she didn't plan to continue in business after graduation, and Duncan said she planned to work on their line, Memories by Marika, only on a part-time basis (Williams, 1989).

Because of start-up costs and, often, the unstable nature of their businesses, many college student entrepreneurs actually expect not to turn a profit. Four years ago at Stanford University, students Roberto Angulo and Ana Bertran Ortiz started up an online job board where students could post their resumes and interested employers could search for new workers. Like many entrepreneurial ventures, their plan was to bring greater efficiency and simplicity to a once-complicated venture: searching for a job. Because they refused to charge students for the service, they faced two options: move to an independent ISP to generate ad revenue or charge companies to post jobs (Gandhi, 1997). Another online student service started for purely charitable reasons is CalSnacks at the University of California, Berkeley, which delivers food to students. The CEOs, Noam Levinsky and Patara Ngaotheppitak, who experienced firsthand the lack of food options for dorm residents in the Berkeley area, told the Daily Californian that they planned only to charge students enough to cover their gas costs ("Student Entrepreneurs Start Online Food Service," 1999).

Besides making money and solving some of the problems faced by their fellow students, another benefit of college student entrepreneurship is gaining "real world" experience for the future. Mr. Angulo stated that, despite having to pay for his venture out-of-pocket, he and his partner "gained experience in managing a project of large proportion" and learned a lot about technology (Gandhi, 1997, ¶ 15). Antonio Phillips and Winston Thompson, students at Howard University, founded an import, investment, and telemarketing venture that ended up with gross revenues of

more than $100,000 by the third year of business. With the knowledge of investment and business planning gained from their venture, the partners went on to pursue interests in real estate development and automobile dealerships (Williams, 1989). As one Cornell junior entrepreneur put it, "there's no better way to learn [about starting a business] than to experience it [during college]. It's sort of like field study" (Rosenberg, 2000a, ¶ 11).

Issues Encountered by Collegiate Entrepreneurs

Because most college students attend class full-time, finding the time to work on their ventures is always a great challenge. Cindy Plusamy's experience was typical of many students who pursue higher education while following their entrepreneurial muse. As an NYU Stern senior preparing to launch her own beauty services Web site immediately after graduation, she spent up to 40 hours a week working on the enterprise in her last semester, plus time spent travelling to meet with her partner and potential clients, outside of her full course load (Rosenberg, 2000a). Twenty-year-old Vincent Pasceri launched two businesses while he was an undergraduate at Rensselaer Polytechnic Institute, but both failed because, as he says, "I didn't have the time to do it … it was just too much" (Rosenberg, 2000a, ¶ 1). However, he learned from his mistakes, began to manage his time better, and started a third enterprise, a software company (Rosenberg, 2000a).

Having hectic schedules and limited time tempts many students to quit college to pursue their businesses -- especially if the venture seems poised to take off. Jason Stowe quit Cornell in 1997 to build a computer graphics company because he feared the "competition would bypass him." Further, he didn't want a "conflict of interest between the business and personal needs for classes" (Rosenberg, 2000b, ¶ 7). Others, such as University of Pennsylvania graduate Michael

Saunders, choose to finish their education first, but also recognize the fact that their ventures might have come to fruition more quickly -- and helped them build up their personal fortune faster -- had they been able to devote all their time to working (Rosenberg, 2000b). Some students are tempted to drop out because they are disillusioned with the practicality of their education. Ian Wyatt told Kiplinger's Personal Finance magazine that, while his classmates were busy worrying over exams and grades, he was a 20-year-old CEO with "an employee who was depending on … his paycheck to support his family and pay his mortgage" (Siskos, 2000, ¶ 2).

Just as collegiate entrepreneurs find their academic experience could be a hindrance or a help, college professors and business theorists seem split on the wisdom of dropping out early. Author and entrepreneur Emily Card (1999, ¶ 4-5) told a student in her "Ask Biz Shrink" column on Womenswire.com that entrepreneurs who finish school come out "double winners, with a business and a degree," calling the "Bill-Gates-Harvard-dropout success story "a glaring exception." (She notes that fewer than half of entrepreneurs have college or business school degrees, according to a National Foundation of Women Business Owners study -- a statistic that could be interpreted as either anti- or pro-completion.) On the other hand, Cornell entrepreneurship professor David BenDaniel told BusinessWeek that "waiting to graduate is the phenomenon that happened four-five years ago. Things are moving too fast … The experience of [following your entrepreneurial potential] is probably a plus" (Rosenberg, 2000b, ¶ 13).

Still, evidence seems to show that finishing school is the best course of action for students looking for a future in business. According to Kiplinger's Personal Finance magazine, 24% of new ventures fail in their first year, 52% by the second year and 63% by the sixth (Siskos, 2000).

And even though failed entrepreneurs often simply go on to start other businesses, those who may want to work for someone else will often find that not having a college degree can bar them from better jobs and higher salaries. In 1998, college graduates between the ages of 25 and 34 earned an average of $14,000 more than their degree-less counterparts (Siskos, 2000).

Thus, while every collegiate entrepreneur finds himself or herself in a unique position with his or her venture, it would seem that the average student would do best to take advantage of the resources that exist on college campuses, in order to both gain real-world experience and lay the groundwork for future endeavors, until they have completed their education and earned a marketable degree.

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